

Foundations shake under on-line ventures

Last November, in a little-noticed event, an outage of the on-line systems of a major credit card payment processor, CyberSource, occurred for about seven hours. The impact for several Internet stores was dramatic: They couldn't take orders and were effectively shut down by the actions of an outside organization.

Other companies, such as Amazon.com, continued business uninterrupted because they were ready to switch instantly to a second payment processor in the event of problems with the first.

In effect, they implemented a long-cherished information technology strategy — always have redundancy built into the system.

Of course, redundancy costs money. But this example indicates proper planning by Amazon.com and negligence by many others.

While the CyberSource event itself may not be terribly significant, it shows that a number of e-commerce sites, corporate Web sites or other on-line initiatives are built on shaky foundations.

The media continues to report stories of Web sites that frequently crash, cannot accommodate the number of visitors or face customer support, procurement and fulfillment challenges.

People surfing the Internet continue to encounter error messages or availability problems with various sites, slow response or transaction processing times and Web designs that may have been cutting-edge back in 1994.

Not to mention news reports that customer support e-mail or toll-



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free lines continue to go unanswered for long periods.

Taken together, all of these seem to indicate that the corporate world is waging a mighty struggle with the Web — and it isn't winning.

The problem is that many organizations continue to fund their on-line initiatives on a shoestring. These initiatives were once experimental, but are now more significant to operations. Yet management continues to throw a few budgetary crumbs their way to keep things going. But that can only do so much to hold things together. When things fall apart on-line, they do so spectacularly.

At the rate things are going, many companies will soon experience the painful circumstances now encountered by discount brokerages. Anyone using a discount broker's on-line service has probably recently received one of those fancy "we're sorry" letters.

The one I received from TTD Watterhouse indicated that they have a whole series of plans under way to

solve customer service, reliability and availability problems. They plan to hire more staff, increase call centre capacity, invest more in on-line infrastructure and boost many other areas.

While the on-line brokerage situation could be considered a special case, with trading volumes increasing four-fold by some estimates since October, it shouldn't be. What is to prevent such a massive shift in customer activities and expectations from occurring in other industries over the next few years?

The fact is, any organization needs to be prepared for significant numbers of its customers to suddenly expect the ability to do business electronically — and 100-per-cent reliability at all times.

E-commerce and on-line initiatives must be adequately funded, supported and given the highest degree of management commitment from the very earliest stage. As the wired economy continues to unfold, and as business-to-business e-commerce takes hold, the Web-based systems we are building today are likely to be the lifeblood of organizations tomorrow. No one can afford to build such systems on a piecemeal basis.

Organizations that discover this reality too late will soon be scrambling to fix their on-line initiatives, much as we can see within the discount brokerage industry today.

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